



State of California

CALIFORNIA EMPLOYER

Second Quarter 2001

A thank you to our valued customers

The first five months of 2001 have been a very busy time for us with the processing of the fourth quarter wage reports and *Annual Reconciliation Statements*, as well as the start-up of the new Independent Contractor Reporting program on January 1, 2001.

We sometimes lose sight of the big picture and the important role employers play in the Department's success as one of the largest tax collection agencies in the world.

Without the ongoing support of the employer community, it would be extremely difficult for us to:

- Serve more than 900,000 California employers.

- Maintain over 19 million employees' wage records.
- Collect more than \$30 billion taxes annually.
- Process over 20 million documents.



Thank You!

We would like to take this opportunity to thank you for paying and filing your taxes timely, using the correct forms, and putting in the time to ensure that the information you file is

correct. We know it's not easy keeping up with new laws and reporting requirements, and we appreciate your flexibility in adapting to changes as they occur.

Thank you for making our job easier, and keep up the good work.

Flex your energy power

California's energy challenge continues to affect the way we all use electricity, whether we are homeowners, business owners, or government.

In conjunction with utility companies, generators, and consumer groups, the



Governor and leaders of the California Legislature continue to work to fashion long-term solutions for the state's power needs. The State of

California is currently following its plan to reduce consumption by a minimum of 10 percent across the board.

As an employer in California's economy, the world's sixth largest, you play an important role in the statewide efforts to reduce electricity demand, avoid shortages, and lower energy bills.

To flex your power and improve your bottom line, consider taking the following small, but important, steps during the warm weather months:

- Set your thermostat to 78 degrees or higher. (Save: 2% per degree above the old setting)
- Close window blinds to shade interior spaces from direct sunlight. (Save: 2%)
- Keep exterior and freight doors closed as much as possible. (Save: up to 2%)
- Replace incandescent light bulbs with Energy Star® compact fluorescent light bulbs. (Save: up to 10%)
- Install a programmable thermostat to avoid unnecessary cooling costs. (Save: 1-5%)
- Remove excess fluorescent lamps. (Save: up to 8%)

(Savings are based on your total summer electric bill. Equipment must be electric powered for estimates to be accurate.)

Annual interest rate remains at 9 percent

The annual interest rate for the period July 1 through December 31, 2001, for delinquent taxes and contributions will be 9 percent (.09), compounded daily. The daily interest factor will be .000247.

If you have any questions regarding the annual interest rate, please contact us at 1-888-745-3886.



Tax info . . . toll-free

For general payroll tax information, please call our new toll-free number at **1-888-745-3886**.

Our toll-free number for the hearing impaired (nonverbal access) is 1-800-547-9565.

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Help us help you

To improve the service we provide to you, three years ago we developed an academy to broaden our managers' exposure to business practices, theories, and technologies.

The goal of this academy is to give our managers insight into the responsibilities and challenges facing business owners today, and to help managers incorporate these perspectives into the leadership of their staff, who will then be able to provide better service to you.

As part of the academy, managers can "walk in your shoes for a day" by job



shadowing to gain firsthand experience of a business owner's typical day. These visits to businesses have proven invaluable by providing managers with a better understanding and appreciation of the issues employers encounter on a daily basis. The visits have also been very well received by both the hosting employers and the participating managers.

For more information on the academy, or if you would like to host a manager to "walk in your shoes for a day," please contact Jan Yoshioka at (916) 653-8072, or via e-mail at jyoshiok@edd.ca.gov.

Opportunities for disabled veteran businesses

Every year, the State of California contracts billions of dollars for goods and services. The Disabled Veteran Business Enterprise (DVBE) Program helps qualified service-disabled



veterans compete more effectively for a portion of those dollars.

State law sets a goal of awarding at least three percent of the state's annual contract dollars to certified DVBEs. If you are a disabled veteran who owns and operates a business, we encourage you to apply to become a certified DVBE.

For more information on DVBE certification, please contact the Office of

Small Business Certification and Resources (OSBCR) at:

Department of General Services
Procurement Division, OSBCR
1531 "I" Street, 2nd Floor
Sacramento, CA 95814

24 Hour Information Request Line:
(916) 322-5060

Receptionist: (916) 323-5478

Internet address: www.dgs.ca.gov/osbcr

For more information on locating DVBE contracting opportunities, please contact the Small Business Opportunity Program at 1-800-559-5529 or (916) 445-5269.

Need tax information, forms? Use your fax or phone—

Two convenient new options for receiving tax information, forms, and publications are now available. With our "Fax-on-Demand" service, you may request to have many of our tax forms and publications faxed directly to you. (Tax filing and reporting forms are not available because fax copies are incompatible with our data capture and imaging equipment.)

With our new "E-Z Information Topics" service, you can call and hear prerecorded audio messages on specific payroll tax topics.

The toll-free number for both services is **1-877-547-4503**. They are available 24-hours a day, seven days a week to our customers in the U.S. and Canada.

San Francisco Tax Office has new address

Our San Francisco Employment Tax Customer Service Office has moved.

The office is now located at 745 Franklin Street, fourth floor.



Electronic Funds Transfer is for everyone!

Do you know that you can enjoy the benefits of Electronic Funds Transfer (EFT) even if you are not required by law to pay by this method?

The majority of participants in our EFT program do so voluntarily to enjoy the many advantages of making their tax payments electronically.

While speed and ease of use are the primary reasons employers choose EFT, additional benefits include:

- No DE 88 coupons to send.
- No checks to write.
- No postage costs.
- Your payment is filed quickly, safely, and securely.
- You control when funds are transferred from your bank account.
- Your payments will never get lost in the mail.

If you would like more information, please contact our EFT Unit at (916) 654-9130, or visit our Web site at www.edd.ca.gov/taxpay.htm.

Take advantage of our payroll tax seminars

Did you know that EDD offers no-cost seminars to help you understand and comply with California payroll tax laws?

We can even customize seminars to meet the specific needs of your organization.

For more information, please visit our Internet site at www.edd.ca.gov/taxsem/, or call us toll-free at 1-888-745-3886 (press "0" to talk to a customer service representative).

California's tax treatment of stock options has changed

If your corporation offers its employees stock options, you should be aware of a recent change in the way that the Internal Revenue Service (IRS) treats these benefits. California conforms to the IRS treatment of stock options.

A recently issued IRS Notice (2001-14) changes the federal employment tax treatment of income derived from statutory stock options. (Statutory stock options include incentive stock options, employee stock purchase plans, and California qualified stock options.)

Effective immediately:

- The grant or exercise of a statutory stock option does not result in the payment of wages subject to Unemployment Insurance, State Disability Insurance, Employment Training Tax, and is not subject to California Personal Income Tax (PIT) withholding.
- Income resulting from the disposition of stock purchased by the exercise of a statutory stock option is not subject to PIT withholding, regardless of whether the disposition is qualifying or disqualifying.
- Income resulting from a disqualifying disposition of a statutory stock option is reportable as PIT wages.

This change does not apply to nonstatutory stock options.

For more information, please see our *Information Sheet: Stock Options* (DE 231SK), which may

be obtained from our Web site at www.edd.ca.gov/taxform.htm, or by calling 1-888-745-3886.



If you have questions about the taxability of stock options, please contact EDD's Audit Section at (916) 464-2500.

Directory provides wage information on many occupations

A compilation of wage data for hundreds of occupations from 1999, 1998, and 1997 is now available.

The 2000 edition of the *Directory of California Local Area Wages* contains data that is valuable to employers, human resource managers, educators, career counselors, and job seekers for evaluating wage trends

and reviewing the recent wage status for many occupations.

The directory, produced by EDD's California Cooperative Occupational Information System, reports wages for both inexperienced and experienced new employees, and for employees with three or more years with a firm.

Wage information is reported at the county level or for groups of counties, and, when available, broken down by union and nonunion.

The directory is available on-line at [www.calmis.ca.gov/file/occup\\$/DCLAW\\$.htm](http://www.calmis.ca.gov/file/occup$/DCLAW$.htm). To purchase a printed copy (\$21), please call our Labor Market Information Division at (916) 262-2162.

Get help at a Small Business Fair near you

Have you recently opened a small business? Do you know someone who is interested in beginning a small business?



Business owners and those who are considering going into business are invited to attend

one of the upcoming Small Business Fairs held around California.

These fairs offer workshops and information on federal, state, and local tax and business requirements.

There is no cost to participate in these events, but reservations are recommended if you plan to attend a workshop. Check the schedule at right for the closest fair and mark your calendar today!

Upcoming Fairs . . .
Mark your calendar today!



- **San Gabriel Valley Small Business Fair**
Radisson Hotel (Baldwin Park)
September 22, 8:30 a.m. – 3 p.m.
Call: (626) 480-8226
Fax: (626) 480-7340
E-mail: wcovsmbf@boe.ca.gov
- **Orange County Small Bus. Tax Day**
Cal. State University, Fullerton
September 28, 8:30 a.m. – 3:30 p.m.
Call: (949) 461-5732
Fax: (949) 461-5757
E-mail: octaxday@boe.ca.gov
- **Fresno Taxpayer Service Day**
Radisson Conference Center
October 11, 8:30 a.m. – 4 p.m.
Call: (559) 248-4200
Fax: (559) 248-4279
E-mail: fretxday@boe.ca.gov

- **Central Valley Taxpayer Service Day**
Radisson Hotel, Stockton
October 17, 8:30 a.m. – 4 p.m.
Call: (209) 469-7484
Fax: (209) 941-1984
E-mail: cvtaxday@boe.ca.gov
- **Van Nuys Small Business Fair**
Airtel Plaza Hotel
October 17, 8:30 a.m. – 3 p.m.
Call: (818) 901-5690
Fax: (818) 901-5252
E-mail: vntaxday@boe.ca.gov
- **Ventura Taxpayer Service Day**
Radisson Hotel, Oxnard
October 18, 8 a.m. – 3:30 p.m.
Call: (805) 677-2771
Fax: (805) 677-2710
E-mail: ventxday@boe.ca.gov
- **Chico Taxpayer Service Day**
Holiday Inn
October 23, 8:30 a.m. – 4:30 p.m.
Call: (916) 227-1882
Fax: (916) 227-6746
E-mail: chicotxd@boe.ca.gov

Self-employed? Protect your financial security —

If you are self-employed, you can protect yourself against a loss of income due to injury or illness with Disability Insurance Elective Coverage (DIEC). We offer this program as a safety net to self-employed individuals doing business in California.



- Up to 39 weeks of benefit payments.
- Benefits for pregnancy-related disabilities.

To qualify for these benefits, you must apply for DIEC, be approved for coverage, and pay quarterly premiums prior to becoming disabled. Generally, a minimum of seven months must elapse before a new member is eligible to receive benefits.

For more information, please call us at 1-888-745-3886, or visit our Web site:

- **Frequently asked questions:**

www.edd.ca.gov/difaq9.htm

- **To download a DIEC application:**

www.edd.ca.gov/de1378di.pdf

The DIEC program offers you:

- Income protection whether or not an injury or illness is work-related.
- A benefit waiting period of only seven days.
- Premium charges that do not discriminate because of age, occupation, or previous health history.

Federal job tax credits extended —

The Work Opportunity Tax Credit (WOTC) Program, which provides employers who hire eligible job seekers with up to \$8,500 in federal tax credits, has been extended to December 31, 2001.

WOTC-eligible job seekers must be a member of one of nine designated target groups, such as Temporary Assistance for Needy Families recipients, veterans receiving Food Stamps, Vocational Rehabilitation referrals, and qualified Supplemental Security Income, and meet that group's specific

requirements. To apply for this tax credit, there are only two one-page forms to complete. Employers may also request a referral of a WOTC-eligible job seeker from their local EDD office.

For more information, please contact your local EDD Job Service site (listed in the State Government section of your telephone directory), or call the WOTC Center toll-free at 1-866-593-0173. WOTC information and forms are also available on our Web site at www.edd.ca.gov (select the "For Employers" section).

Shopping for a new way to file & pay your taxes? —

Shop no more because we have a "deal" for you! Telefile is a fast and easy way to electronically file your *Quarterly Wage and Withholding Report* (DE 6) or *Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 3BHW).



You can also eliminate the need to file a *Payroll Tax Deposit* (DE 88) by signing up to pay by Electronic Funds Transfer.

For more information on this simple, convenient way to file and pay your taxes, please call our Telefile staff at 1-800-796-3524.

Do you use a VAN? —

If you use a VAN—Value Added Network—your company probably has the software and infrastructure to support Electronic Data Interchange (EDI).

We invite you to join the growing number of employers who provide data to us through this secure and efficient environment. We now accept the *Quarterly Wage and Withholding Report*

(DE 6) in an electronic format. The *Electronic Data Interchange – Trading Partner Implementation Guide* (DE 813) provides instructions for filing via EDI and may be downloaded from our Internet site at www.edd.ca.gov/taxform.htm.

For additional information, please contact our EDI staff at (916) 255-1649.

PAYROLL TAX INFORMATION

- General Tax Information, 1-888-745-3886
Address Changes, or
Payroll Tax Forms
- Forms Requests (916) 322-2835
(25+ copies) Fax: (916) 928-5910
- Register for an EDD (916) 654-7041
Employer Account # Fax: (916) 654-9211
- Electronic Funds (916) 654-9130
Transfer Fax: (916) 654-7441
- Magnetic Media Reporting:
- Quarterly Reports (916) 654-6845
- New Employee Registry/
Indep. Contractor (916) 651-6945
- Alternate Forms (916) 255-0649
Coordinator Fax: (916) 255-1578
- Telefile 1-800-796-3524
- Electronic Data (916) 255-1649
Interchange
- Tax Rates & Benefit (916) 653-7795
Charge Information
- New Employee (916) 657-0529
Registry Fax: (916) 255-0951
- Independent Contractor (916) 657-0529
Reporting Fax: (916) 255-3211
- Offers in (916) 464-2726
Compromise Fax: (916) 464-2077
- Underground Economy (916) 464-1075
Operations Fax: (916) 464-1020
- Taxpayer Rights (916) 654-8957
Advocate Fax: (916) 654-6969
- EDD's Web site: www.edd.ca.gov

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